

**TOWN OF MOUNTAIN VIEW, OKLAHOMA
MOUNTAIN VIEW, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2014**

TOWN OF MOUNTAIN VIEW, OKLAHOMA
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TOWN OF MOUNTAIN VIEW, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

TOWN COUNCIL

AD Beckett

Harlin Eakins

Sidney Fischer

Tony Harrison

Elizabeth Neal

TOWN CLERK

Patricia Pearl

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

The members of the governing body
of the Town of Mountain View, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Mountain View, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the town's basic financial statements as listed in the table of contents.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining aggregate fund information of the Town of Mountain View, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 4-9 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2014, on my consideration of the Town of Mountain View, Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mountain View, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "David O. Tate". The signature is fluid and cursive, with the first name "David" and last name "Tate" clearly legible, and "O." as a middle initial.

Certified Public Accountant
February 6, 2014

Our discussion and analysis of the Town of Mountain View's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$1,005,514 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$1,027,482, as restated.
- Total net assets are comprised of the following:
 - 1) Invested in capital assets, net of related debt, of \$395,922 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Unrestricted net position of \$589,421 represents the portion available to maintain the Town's continuing obligations to citizens and creditors.
 - 3) Reserve for restricted purposes of \$20,101 is restricted for meter deposit liabilities and other obligations.
- The Town's governmental funds reported total ending fund balance of \$321,119 this year. This compared to the prior year ending fund balance of \$330,026, showing a decrease of \$8,907 during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-type activities include utility services provided by the Town.

Management's Discussion and Analysis will focus on the Town's primary government. More comprehensive information about the Town's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water and sanitation utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the Town's compliance with the approved and revised budget for the General Fund.

A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net assets at fiscal yearend were \$1,005,514. The following table provides a summary of the Town's net assets at June 30:

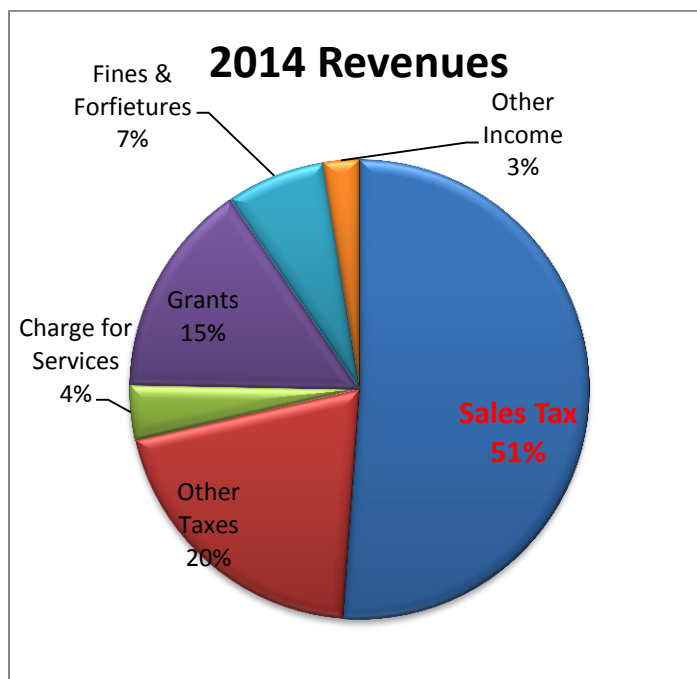
	Governmental Activities		Business-Type		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Current assets	\$ 329,660	\$ 222,545	\$ 305,090	\$ 329,048	\$ 634,750	\$ 551,593	\$ 83,157	15%
Capital assets, net	59,854	64,365	336,138	320,314	395,992	384,679	11,313	3%
Total assets	\$ 389,514	\$ 286,910	\$ 641,228	\$ 649,362	\$ 1,030,742	\$ 936,272	\$ 94,470	10%
Current liabilities	\$ 8,541	\$ 250	\$ 4,387	\$ -	\$ 12,928	\$ 250	\$ 12,678	5071%
Non-current liabilities	-	-	12,300	17,591	12,300	17,591	(5,291)	-30%
Total liabilities	8,541	250	16,687	17,591	25,228	17,841	7,387	41%
Net position								
Invested in capital assets, net of related debt	59,854	64,365	336,138	320,314	395,992	384,679	11,313	3%
Restricted	-	-	20,101	17,591	20,101	17,591	2,510	14%
Unrestricted	321,119	222,295	268,302	293,866	589,421	516,161	73,260	14%
Total net position	\$ 380,973	\$ 286,660	\$ 624,541	\$ 631,771	\$ 1,005,514	\$ 918,431	\$ 87,083	9%

The Town reported positive balances in net assets for both governmental and business-type activities.
The Town's overall financial position improved 9% during fiscal year.

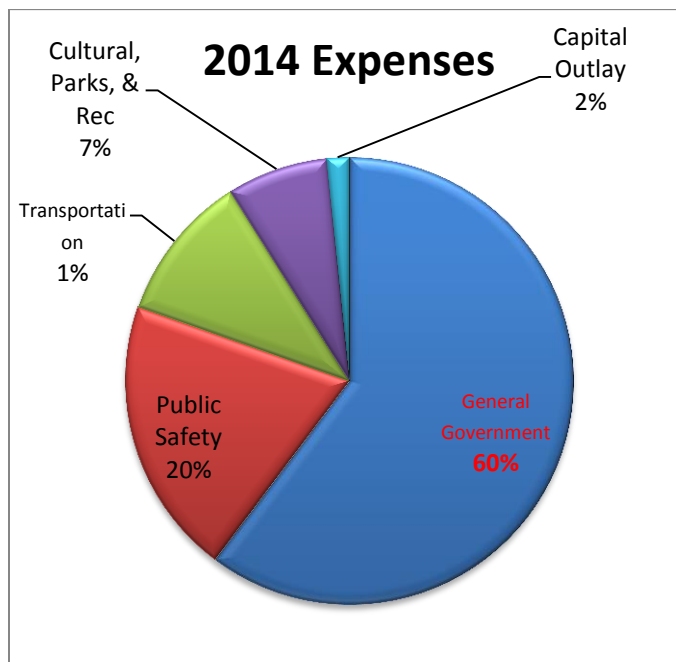
	Governmental Activities		Business-type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Revenues								
Program revenues	\$ 73,837	\$ 56,018	\$ 349,679	\$ 306,182	\$ 423,516	\$ 362,200	\$ 61,316	17%
Taxes and other general revenues	203,887	201,126	61	56	203,948	201,182	2,766	1%
Total revenues	277,724	257,144	349,740	306,238	627,464	563,382	64,082	11%
Expenses								
General government	196,279	235,108	-	-	196,279	235,108	(38,829)	-17%
Public safety and judiciary	71,698	66,145	-	-	71,698	66,145	5,553	8%
Transportation	34,640	-	-	-	34,640	-	34,640	100%
Cultural, parks, and recreation	25,441	-	-	-	25,441	-	25,441	100%
Water	-	-	144,962	200,527	144,962	200,527	(55,565)	-28%
Sewer	-	-	116,186	-	116,186	-	116,186	100%
Sanitation	-	-	60,226	-	60,226	-	60,226	100%
Total expenses	328,058	301,253	321,374	200,527	649,432	501,780	147,652	29%
Excess (deficiency) before transfers	(50,334)	(44,109)	28,366	105,711	(21,968)	61,602	(83,570)	-136%
Transfers	36,914	76,060	(36,914)	(76,060)	-	-	-	0%
Increase (decrease) in net assets	\$ (13,420)	\$ 31,951	\$ (8,548)	\$ 29,651	\$ (21,968)	\$ 61,602	\$ (83,570)	-136%

Revenues noted an increase of 11% year over year while operating expenses noted a 29% increase year over year. Due to the change in presentation of the financial statements, the Town reported a bad debt write off of \$27,236 for the year ended June 30, 2014.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2014.



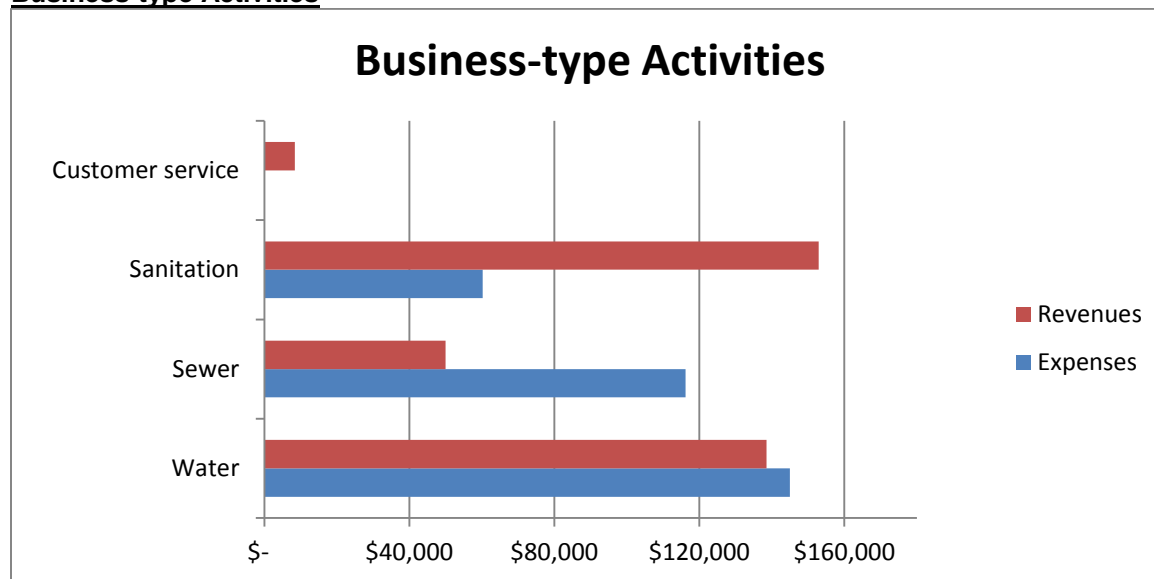
Sales tax provided for 51% of the Town's governmental revenues in fiscal year 2014. Other taxes, including use tax, alcohol beverage tax, use tax, and tobacco tax represented 20% of revenue sources.



This graph shows the total governmental activities cost of \$323,545 for 2014. Of this amount, general government at 60% or \$194,941 was the largest operating service cost. This represents funds paid for general operations of the Town. Public safety was the next largest cost at 20% of the Town's governmental expenses.

It should be noted that governmental expenses were significantly adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated and capital assets reported.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer, and water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2014 was \$355,109 compared to \$338,671 in fiscal year 2013. The General Fund budget complied with financial policies approved by the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the Town had \$395,992 invested in capital assets, net of depreciation, including vehicles and equipment for police operations in governmental activities and water lines and sewer lines in business-type activities. See table below.

Primary Government Capital Assets (net of accumulated depreciation)

	Governmental Activities 2014	Business-type Activities 2014	Total 2014
Construction in process	-	\$ 25,132	25,132.00
Buildings	34,425	-	34,425
Machinery & equipment	25,429	61,366	86,795
Utility property & improvements	-	249,640	249,640
Totals	\$ 59,854	\$ 336,138	\$ 395,992

The Town added the following significant fixed assets during the year:

- Three Library computers
- Wood chipper for the Sanitation department
- Two mowers
- Sewer infrastructure improvements

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

According to the Oklahoma Economic Report, the state's gross receipts are higher than ever before. State Treasurer, Ken Miller, stated when talking about July 2014 sales tax "collections have been higher than the same month of the prior year in 45 of the past 51 months, which indicates a steady economic expansion". Unemployment numbers from June 2014 reflect Oklahoma's relative economic strength compared to the nation as a whole, reporting 4.5% statewide compared to 6.1% nationally. The economic environment of the state sheds light on the local economy.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town Hall.

Town of Mountain View, Oklahoma
Statement of Net Position
June 30, 2014

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 110,039	\$ 243,898	\$ 353,937
Investments, including time deposits	62,233	-	62,233
Accounts receivable, net	88,138	28,791	116,929
Due from other governments	17,589	-	17,589
Total current assets	<u>277,999</u>	<u>272,689</u>	<u>550,688</u>
Restricted assets:			
Cash and cash equivalents	26,034	19,389	45,423
Investments, including time deposits	25,627	13,012	38,639
Total restricted assets	<u>51,661</u>	<u>32,401</u>	<u>84,062</u>
Noncurrent Assets:			
Land and construction in progress	-	25,132	25,132
Other capital assets (net of accumulated depreciation)	59,854	311,006	370,860
Total noncurrent assets	<u>59,854</u>	<u>336,138</u>	<u>395,992</u>
Total assets	<u>\$ 389,514</u>	<u>\$ 641,228</u>	<u>\$ 1,030,742</u>
 LIABILITIES			
Current liabilities:			
Accounts payable	\$ 873	\$ 4,387	\$ 5,260
Payroll liabilities	7,668	-	7,668
Total current liabilities	<u>8,541</u>	<u>4,387</u>	<u>12,928</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	12,300	12,300
Total liabilities payable from restricted assets	<u>-</u>	<u>12,300</u>	<u>12,300</u>
Total liabilities	<u>8,541</u>	<u>16,687</u>	<u>25,228</u>
 NET POSITION			
Net investment in capital assets	59,854	336,138	395,992
Restricted	-	20,101	20,101
Unrestricted	321,119	268,302	589,421
Total net position	<u>\$ 380,973</u>	<u>\$ 624,541</u>	<u>\$ 1,005,514</u>

Town of Mountain View, Oklahoma
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 196,279	\$ -	\$ 200	\$ -	\$ (196,079)
Total general government	196,279	-	200	-	(196,079)
Public safety and judiciary:					
Police	70,085	19,425	-	-	(50,660)
Fire	1,613	-	-	-	(1,613)
Total public safety and judiciary	71,698	19,425	-	-	(52,273)
Transportation:					
Street	34,640	-	26,140	-	(8,500)
Total transportation	34,640	-	26,140	-	(8,500)
Cultural, parks and recreation:					
Park	-	6,721	-	-	6,721
Cemetery	5,351	3,929	761	-	(661)
Library	20,090	-	16,661	-	(3,429)
Total cultural, parks and recreation	25,441	10,650	17,422	-	2,631
Total governmental activities	328,058	30,075	43,762	-	(254,221)
Business-type activities:					
Utility services:					
Water	144,962	138,469	-	-	(6,493)
Sewer	116,186	49,976	-	-	(66,210)
Sanitation	60,226	152,854	-	-	92,628
Customer service	-	8,380	-	-	8,380
Total business-type activities	321,374	349,679	-	-	28,305
Total primary government	\$ 649,432	\$ 379,754	\$ 43,762	\$ -	\$ (225,916)

Town of Mountain View, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2014

Changes in Net Position:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (254,221)	\$ 28,305	\$ (225,916)
General revenues:			
Taxes:			
Sales taxes	142,103	-	142,103
Use taxes	20,283	-	20,283
Franchise taxes	21,715	-	21,715
Alcoholic beverage tax	12,736	-	12,736
Cigarette tax	1,652	-	1,652
Investment income	158	61	219
Miscellaneous	5,240	-	5,240
Transfers - Internal activity, net	36,914	(36,914)	-
Total general revenues and transfers	240,801	(36,853)	203,948
Change in net position	(13,420)	(8,548)	(21,968)
Net position - beginning, restated	394,393	633,089	1,027,482
Net position - ending	<u>\$ 380,973</u>	<u>\$ 624,541</u>	<u>\$ 1,005,514</u>

Town of Mountain View, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Cemetery Care Fund	Library Fund	Total Governmental Funds
ASSETS				
Cash	\$ 103,848	\$ 22,916	\$ 9,309	\$ 136,073
Investments, including time deposits	58,756	29,104	-	87,860
Taxes receivable	17,589	-	-	17,589
Other receivable	88,138	-	-	88,138
Total assets	<u>\$ 268,331</u>	<u>\$ 52,020</u>	<u>\$ 9,309</u>	<u>\$ 329,660</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 873	\$ 873
Payroll liabilities	7,668	-	-	7,668
Total liabilities	<u>7,668</u>	<u>-</u>	<u>873</u>	<u>8,541</u>
FUND BALANCES				
Committed	51,661	-	-	51,661
Assigned	1,778	52,020	8,436	62,234
Unassigned	207,224	-	-	207,224
Total fund balances	<u>260,663</u>	<u>52,020</u>	<u>8,436</u>	<u>321,119</u>
Total liabilities and fund balances	<u>\$ 268,331</u>	<u>\$ 52,020</u>	<u>\$ 9,309</u>	<u>\$ 329,660</u>
Total fund balance- total governmental funds				\$ 321,119
Amounts reported for governmental activities in the Statement of Net assets are different because:				
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.				
	Capital assets	\$ 109,296		
	Less: Accumulated depreciation	<u>(49,442)</u>		<u>59,854</u>
Net assets of governmental activities				<u>\$ 380,973</u>

Town of Mountain View, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2014

	General Fund	Cemetery Care Fund	Library Fund	Total Governmental Funds
<u>REVENUES</u>				
Sales tax	\$ 142,103	\$ -	\$ -	\$ 142,103
Use tax	20,283	-	-	20,283
Beverage tax	12,736	-	-	12,736
Franchise taxes	21,715	-	-	21,715
Cigarette tax	1,652	-	-	1,652
Fines and forfeitures	19,425	-	-	19,425
Investment income	37	120	1	158
Charges for services	-	3,929	-	3,929
Rental income	6,721	-	-	6,721
Intergovernmental	26,140	-	16,035	42,175
Donations	200	761	626	1,587
Miscellaneous	5,240	-	-	5,240
Total revenues	<u>256,252</u>	<u>4,810</u>	<u>16,662</u>	<u>277,724</u>
<u>EXPENDITURES</u>				
General government:				
General government	194,941	-	-	194,941
Total general government	<u>194,941</u>	<u>-</u>	<u>-</u>	<u>194,941</u>
Public safety and judiciary:				
Police	63,477	-	-	63,477
Fire	1,613	-	-	1,613
Total public safety and judiciary	<u>65,090</u>	<u>-</u>	<u>-</u>	<u>65,090</u>
Transportation:				
Street	34,640	-	-	34,640
Total transportation	<u>34,640</u>	<u>-</u>	<u>-</u>	<u>34,640</u>
Cultural, parks and recreation:				
Library	-	-	18,373	18,373
Cemetery	-	5,351	-	5,351
Total cultural, parks and recreation	<u>-</u>	<u>5,351</u>	<u>18,373</u>	<u>23,724</u>
Capital outlay	-	-	5,150	5,150
Total expenditures	<u>294,671</u>	<u>5,351</u>	<u>23,523</u>	<u>323,545</u>
Excess (deficiency) of revenues over expenditures	<u>(38,419)</u>	<u>(541)</u>	<u>(6,861)</u>	<u>(45,821)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out to other governments	-	-	-	-
Transfers in	36,914	-	8,510	45,424
Transfers out	(8,510)	-	-	(8,510)
Total other financing sources and uses	<u>28,404</u>	<u>-</u>	<u>8,510</u>	<u>36,914</u>
Net change in fund balances	(10,015)	(541)	1,649	(8,907)
Fund balances - beginning, restated	270,678	52,561	6,787	330,026
Fund balances - ending	<u>\$ 260,663</u>	<u>\$ 52,020</u>	<u>\$ 8,436</u>	<u>\$ 321,119</u>

Town of Mountain View, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2014

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ (8,907)
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Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	5,150
Depreciation expense	<u>(9,663)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (13,420)</u></u>
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Town of Mountain View, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities
	Public Works Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 243,898
Accounts receivable (net)	28,791
Total current assets	<u>272,689</u>
Restricted assets:	
Cash and cash equivalents	19,389
Investments	13,012
Total restricted assets	<u>32,401</u>
Noncurrent assets:	
Capital assets (net)	336,138
Total noncurrent assets	<u>336,138</u>
Total assets	<u><u>\$ 641,228</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,387
Total current liabilities	<u>4,387</u>
Liabilities payable from restricted assets:	
Customer deposits payable	12,300
Total liabilities payable from restricted assets	<u>12,300</u>
Total liabilities	<u>16,687</u>
NET POSITION	
Net investement in capital assets	336,138
Restricted	20,101
Unrestricted	<u>268,302</u>
Total net position	<u><u>\$ 624,541</u></u>

Town of Mountain View, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities
	Public Works Authority
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 138,469
Sewer charges	49,976
Sanitation charges	152,854
Penalties	8,118
Total charges for services	<u>349,417</u>
Miscellaneous	262
Total operating revenues	<u>349,679</u>
<u>Operating expenses:</u>	
Personal services	62,000
Materials and supplies	55,478
Other services and charges	145,141
Depreciation and amortization	31,519
Total operating expenses	<u>294,138</u>
Net operating income	\$ 55,541
<u>Nonoperating revenue (expense):</u>	
Investment income	61
Bad debt	(27,236)
Total nonoperating revenue (expense)	<u>(27,175)</u>
Net Income before contributions and transfers	28,366
Transfers to other funds, net	<u>(36,914)</u>
Change in net position	(8,548)
Net position - beginning of year, restated	633,089
Net position-end of year	<u><u>\$ 624,541</u></u>

Town of Mountain View, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Business-type Activities
	Public Works Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers/patients	\$ 293,567
Payments to suppliers	(201,523)
Payments to employees	(62,000)
Other operating revenues	262
Net cash provided (used) by operating activities	30,306
<u>Cash flows from non-capital financing activities:</u>	
Transfers from other funds	62,046
Transfers to other funds	(25,132)
Net cash provided (used) by non-capital financing activities	36,914
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(86,858)
Net cash provided (used) by capital and related financing activities	(86,858)
<u>Cash flows from investing activities:</u>	
Investment income	61
Net cash provided (used) by investing activities	61
 Net increase (decrease) in cash and cash equivalents	 (19,577)
Cash and cash equivalents, July 1, 2013	282,864
Cash & cash equivalents, June 30, 2014	\$ 263,287
Cash and cash equivalents	\$ 243,898
Restricted cash	19,389
Total cash and cash equivalents, end of year	\$ 263,287
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>	
Operating income (loss)	\$ 55,541
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	31,519
Bad debt	(27,236)
Non-operating revenue (expense)	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(28,614)
Increase (decrease) in accounts payable	4,387
Increase (decrease) in deposits subject to refund	(5,291)
Total adjustments	(25,235)
Net cash provided (used) by operating activities	\$ 30,306

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Town of Mountain View, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. The Town provides the following services: public safety (police and volunteer fire protection), street maintenance, utility services (sanitation, water, and sewer), culture, recreation, public improvements, municipal cemetery, and general administrative services.

The Reporting Entity

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Mountain View. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Mountain View.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

Blended Component Units Reported with Primary Government

Mountain View Public Works Authority (the "Authority") – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides water, sewer, and trash services to the citizens of Mountain View. Accounts of the Authority are recorded in business-type activities.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the Town as a whole. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town does not have any fiduciary funds.

Measurement Focus and Basis of Accounting

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

TOWN OF MOUNTAIN VIEW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

Date of Management's Review

Subsequent events were evaluated through February 6, 2015, which is the date the financial statements were available to be issued.

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
Library Fund	Accounts for the investments and operations of the Town's Library
Cemetery	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.

Major Proprietary Funds

FUND	BRIEF DESCRIPTION
<u>Mountain View Public Works Authority</u>	Accounts for the activities of the Authority in providing water, sewer, and solid waste services to the public.

D. Budgets and Budgetary Accounting

Budget Policy and Practice

The Town follows the Estimate of Needs based budgeting. The budget is submitted on the required form no later than August 27. Revenues estimated for the General Fund are limited to 90% of the prior year recurring revenues plus any unreserved fund balance carry-over. The Council approves the budget.

Compliance

At June 30, 2014, the Town was in material compliance with Oklahoma budgeting regulations.

Budget Basis of Accounting

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

E. Assets, Liabilities and Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

Allowance for Uncollectible Accounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. The Town has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance. Due to the change in presentation of financial statements, the Town has reported a bad debt write off of \$27,236 as of June 30, 2014.

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	40-50 years
• Other improvements	10-50 years
• Machinery, furniture & equipment	5-20 years
• Infrastructure	25-50 years

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Equity Classifications

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the Town's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

Invested in capital assets, net of related debt

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets

Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

F. Revenues, Expenditures and Expenses

Sales Tax

The Town levied a 4% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the General Fund.

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows:

A. Deficit Fund Net Assets/Fund Balance

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The Town reported no deficit fund net assets or fund balances for the fiscal year.

B. Budget Requirements

For the year ended June 30, 2014, the Town did not materially overspend in any department-level category.

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

TOWN OF MOUNTAIN VIEW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Investments

The Town invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 87,860	\$ 87,860	N/A	5.9
Total investments	<u>87,860</u>	<u>87,860</u>		
Total governmental investments	<u>\$ 87,860</u>	<u>\$ 87,860</u>		
<u>RECONCILIATION TO STATEMENT OF NET POSITION</u>				
Investments, unrestricted	\$ 62,233			
Investments, restricted	<u>25,627</u>			
Total governmental investments	<u>\$ 87,860</u>			

Business-type Activities

INVESTMENTS:

Certificates of deposit	\$ 13,012	\$ 13,012	N/A	6.3
Total investments	<u>13,012</u>	<u>13,012</u>		
Total business-type investments	<u>\$ 13,012</u>	<u>\$ 13,012</u>		

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2014 follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Land	\$ -	\$ -	\$ -	\$ -
Construction in process	-	-	-	-
Buildings & structures	53,500	-	-	53,500
Machinery, furniture, & equipment	50,646	5,150	-	55,796
Improvements other than land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	104,146	5,150	-	109,296
Less accumulated depreciation	<u>39,781</u>	<u>9,661</u>	<u>-</u>	<u>49,442</u>
Fixed assets, net	<u>\$ 64,365</u>	<u>\$ (4,511)</u>	<u>\$ -</u>	<u>\$ 59,854</u>

TOWN OF MOUNTAIN VIEW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2014 follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Mt View Public Works Authority				
Construction in process	\$ -	\$ 25,132	\$ -	\$ 25,132
Machinery, furniture, & equipment	225,283	22,211	-	247,494
Water and sewer infrastructure	791,436	-	-	791,436
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,016,719	47,343	-	1,064,062
Less accumulated depreciation	696,405	31,519	-	727,924
	<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets, net	<u>\$ 320,314</u>	<u>\$ 15,824</u>	<u>\$ -</u>	<u>\$ 336,138</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheet.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 1,337
Public safety & judiciary	6,608
Transportation	0
Cultural, parks & recreation	1,716
Total governmental activities depreciation expense	<u>\$ 9,661</u>

Depreciation expense charges to business-type activities:

Water	\$ 29,431
Sewer	655
Sanitation	1,433
Total business-type activities depreciation expense	<u>\$ 31,519</u>

TOWN OF MOUNTAIN VIEW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

C. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2014 were as follows:

Operating Transfers	Transfers In	Transfers Out
GENERAL FUND:		
Library	\$ -	\$ 8,510
Mt View Public Works Authority	36,914	-
LIBRARY FUND:		
General Fund	8,510	-
ENTERPRISE FUND: Public Works		
General Fund	-	36,914
Grand Total	\$ 45,424	\$ 45,424

(4) RETIREMENT PLANS

The Town participates in three employee pension systems as follows:

Name of Plan	Type of Plan
Oklahoma Public Employee Retirement System	Agent Multiple Employer – Defined Benefit Plan

A. Oklahoma Public Employees Retirement Fund

Plan Description

Substantially all of the Town's full-time employees participate in a multi-employer defined benefit pension plan adopted by the Town and administered by Oklahoma Public Employees Retirement System (OPERS), which was established to administer pension plans for state, county and local governments in Oklahoma. OPERS and the qualified governmental retirement plan are governed by Oklahoma Statutes Title 74, Sections 901 – 932. OPERS issues an annual audit report. A copy can be obtained at www.OPERS.OK.gov. Covered payroll for the Town was \$207,038 employee contributions were \$6,507, and employer contributions were \$30,675.

The following provisions are provided by the OPERS Plan.

Provision	Plan
a. Eligible to Participate	Any officer or employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year.
b. Contributions Requirements	<ul style="list-style-type: none"> - By Board Approval - 15% of covered payroll, effective 7/1/10 - 5% effective 7/1/06
c. Period Required to Vest	8 years of credited service
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 62 with 6 years of service. - Early retirement at age 55 with 10 years of service. - Disability retirement upon disability with 8 years of credited service. - Death benefits for: (1) a member who has not retired (2) survivor benefit for spouses
e. Benefit Determination Base	Average annual salary – for the highest 3 of the last 10 years of participating service.
f. Benefit Determination Methods:	
- Normal Retirement	2.0% of final average compensation up to applicable maximum multiplied by all service.
- Early Retirement	Determined by normal retirement formula based on credited service and Final Average Compensation at termination.

TOWN OF MOUNTAIN VIEW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

- Disability Retirement	Determined by the normal retirement formula based on service and salary history at date of disability. Benefit is payable immediately without actuarial reduction.
- Death Benefit	Lump sum payment of \$5,000 (post retirement) (2) 50% of employee's accrued benefit (in-service death benefit)
- Prior to 8 Years' Service	Return of employee contributions.
g. Form of Benefit Payment	Normal form is single life monthly annuity with a guaranteed refund of the contribution accumulation.

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town.

As of June 30, 2014, the Town had \$8,815 in worker's compensation loss funds available through Oklahoma Municipal Assurance Group.

B. Grant Program Involvement

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Town of Mountain View, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 123,278	\$ -	\$ 123,278	\$ 142,103	\$ 18,825
Use tax	14,858	-	14,858	20,283	5,425
Beverage tax	10,165	-	10,165	12,736	2,571
Franchise taxes	6,124	-	6,124	21,715	15,591
Fines and forfeitures	22,379	-	22,379	19,425	(2,954)
Investment income	8	-	8	37	29
Charges for services	5,835	-	5,835	6,721	886
Intergovernmental	3,568	-	3,568	26,140	22,572
Miscellaneous	71,829	-	71,829	5,440	(66,389)
Total revenues before carryover	258,044	-	258,044	254,600	(3,444)
Budgeted carryover (1)	97,064	-	97,064	97,064	-
Total revenues and budgeted carryover	355,108	-	355,108	351,664	(3,444)
EXPENDITURES					
General government	282,231	-	282,231	229,581	52,650
Public safety	72,877	-	72,877	65,090	7,787
Total expenditures	355,108	-	355,108	294,671	60,437
Revenue over (under) expenditures	-	-	-	56,993	56,993
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	-	28,404	28,404
Net other financing sources (uses)	-	-	-	28,404	28,404
Revenues and other financing sources over (under) expenditures and other uses	-	-	-	85,397	85,397
Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)				77,207	77,207
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 162,604	\$ 162,604
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				105,727	
Expenditure and transfer accruals				(7,668)	
Fund balance at end of year (GAAP basis)				\$ 260,663	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The members of the governing body
of the Town of Mountain View, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Mountain View, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Mountain View, Oklahoma's basic financial statements, and have issued my report thereon dated February 6, 2014.

Internal control over financial reporting

In planning and performing my audit of the financial statements, I considered the Town of Mountain View, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mountain View, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Mountain View, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Mountain View, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "David O. Tate". The signature is written in a cursive style with a large initial "D" and "T".

Certified Public Accountant
February 6, 2014